

# How Will Annexation Affect SCHOOL DISTRICT IMPACT FEES?

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## ***What is a school district impact fee?***

A school district impact fee is the amount of money that a jurisdiction collects from each newly constructed dwelling unit to offset the costs of growth in the local school district. The school district impact fee is collected so that developers of new construction pay a one-time fee to share in the costs of growth.

Impact fees are only charged to new development. Existing homes (or remodels of existing homes) are not subject to the fee. Jurisdictions pass the collected fees on to the school district, which applies the money toward the rehabilitation and expansion of existing facilities, and the construction of new facilities to serve the growing population. School districts ask jurisdictions to collect a set fee based on a Capital Facilities Plan, which contains a prioritized list of construction and rehabilitation projects that the district plans to undertake. Impact fee money is tracked, and if it is not used to offset the costs of growth within six years, it must be returned.

## ***What impact fee does the City of Renton collect for the Issaquah School District?***

The City of Renton currently collects \$2,937 per new single-family dwelling unit for the Issaquah School District (ISD). The ISD asked for the collection of an impact fee of \$4,996 for 2005. The City Council based the decision to collect less money than requested by the District based on three criteria.

1. The cost of a new home in Renton is much less than the cost of a home in any other jurisdiction in the district. If the City collected the full fee for the District, then development in Renton would pay a much higher percentage of the home price in impact fees. The table below shows the average 2004 single-family home price and the full impact fee as a percentage of that cost in each of the jurisdictions in the ISD. These average figures were computed from the 2004 sales prices of new homes within the boundaries of the Issaquah School District only.

City	2004 Average New SF Home Price	Impact Fee as % of house price*
Bellevue	\$ 1,026,660	0.49%
Issaquah	\$ 537,167	0.93%
Newcastle	\$ 865,124	0.58%
<b>Renton</b>	<b>\$ 377,349</b>	<b>1.32%</b>
Sammamish	\$ 515,378	0.97%

\*Based on proposed Issaquah School District impact fee of \$4,996 for 2005

2. The City looks at school capacities for the ISD facilities that serve Renton residents.
3. Finally, the City examines the percentage of impact fees that are expended locally. According to the ISD's Capital Facilities Plan, only one school serving Renton residents is exceeding capacity: Liberty High School. However, there are no scheduled improvements to Liberty or any of the ISD schools serving Renton residents. Capital projects related to accommodate growth of the District in recent years have all occurred in Newcastle and the Sammamish Plateau.

***What is the status of the Issaquah School District's request for a higher impact fee?***

In April 2005, Craig Christiansen of the ISD spoke with the Renton City Council Finance Committee about this issue. From the perspective of the District, facility improvements benefit all students in the District regardless of geographical location, and collection of the full impact fee is important to sustaining a high level of service throughout the district. Additionally, Mr. Christiansen noted that the ISD may schedule capital improvements in Renton-area schools in their next plan.

After this presentation, the Committee agreed it would consider collecting a higher impact fee upon the submittal of a Capital Facilities Plan or bond proposal from the ISD that included improvements for facilities within the Liberty High School attendance area. At present time, the ISD is preparing a new capital improvement proposal and the City of Renton is waiting to hear from the District on the results of their process.

***What impact fee does King County collect for the Issaquah School District?***

King County collects the full fee of \$4,996 for the Issaquah School District.

***What impact fee is collected for the Renton School District?***

None. Currently, the Renton School District has excess capacity in its schools and has not asked the City or County to collect an impact fee on its behalf.

***How does annexation affect the collection of school impact fees?***

For properties in the Renton School District, there will be no change. For properties in the Issaquah School District, there is a difference in the impact fee amount collected by King County (\$4,996) and the amount collected by the City of Renton (\$2,937). Under the current policies, property owners building new housing units on their property would pay \$2,059 less in school impact fees if they annexed to the City of Renton.